

The Appropriations Process

1. Finance, the State Agencies and the Governor, close the prior fiscal year in July /August.
2. The Governor's Office and his cabinet develop a budget philosophy.
3. The Governor's Office of Planning and Budget issues budget guidelines, budget forms and budget preparation instructions to the Executive Agencies.
4. The Agencies receive input from program areas and their constituents.
5. The Divisions and Programs develop their base budget, supplemental budget request and building block budget requests and submit them to their Department.
6. The Department develops a base budget request, a prioritized building block list, and a prioritized Supplemental Appropriations request list.
7. The Departments submit their budget requests to the Governor's Office of Planning & Budget.
8. The Governor reviews the Agency requests, the Office of Planning and Budget's recommendations and negotiates with the Department Directors.
9. The Governor finalizes his budget request and sends an advance confidential copy to the Legislative Fiscal Analyst Office thirty-four days prior to the General Session. Some Governors release the budget to the public at this time.
10. The Legislative Fiscal Analyst analyzes the Governor's budget and prepares a set of recommendations for the Legislature.
11. The Governor and the Legislative Fiscal Analyst update their revenue projections prior to or early in the General Session.
12. The Governor's budget requests for the Agencies and Fiscal Analyst recommendations are reviewed by the Appropriations Subcommittees.
13. The Appropriations Subcommittee recommendations are reviewed by the Executive Appropriations Committee. The recommendations are either accepted or rejected with directions given to the Appropriations Subcommittee to bring the budget within the Executive Appropriations Committee guidelines and balance the budget.
14. The final budget is written into the Appropriations Acts. The House Chairman of the Legislative Executive Appropriations Committee sponsors the main bill.
15. The final, approved Supplemental Appropriations are written into a separate bill, (usually a Senate Bill).
16. Passed legislation which has a "Fiscal Note" that does not carry its own appropriation, is written into a separate Appropriations Bill nicknamed the "Bill of Bills."
17. The Appropriations and Supplemental Appropriations
18. The Appropriations Bills are sent to the House of Origin and the Bills are debated within each house and a final vote is taken.
19. The approved bill is sent to the other house where it is debated and a final vote taken.
20. The Appropriations Bills are signed by the appropriate chamber leader and returned to the House of Origin.
21. The Appropriations Bills are signed by the Speaker/President, reviewed by Legislative Research and General Counsel and returned to the Legislative Fiscal Analyst Office.
22. The Appropriations Bills are enrolled.
23. The Appropriations Bills are submitted for final printing.
24. The Appropriations Bills are sent to the Governor for signature. Bills are given a Fiscal Note and sent to the House of Origin.
25. The Appropriations Bills become law and the funds are available on their effective dates.

The Fiscal Note Process

(An Overview)

The Office of the Legislative Fiscal Analyst is a non-partisan office responsible to advise the State Legislature on fiscal and management matters.

The Office of the Legislative Fiscal Analyst has the responsibility to prepare fiscal notes. The State's Office of the Legislative Fiscal Analyst is charged by statute, section 36-12-13, UCA "to prepare cost estimates on all proposed bills that anticipate state government expenditures," and "to prepare cost estimates on all proposed bills that anticipate expenditures by county, municipal, or special district governments."

Fiscal notes are prepared for several reasons in addition to the statutory requirement. One of the most important reasons is so the Legislature can develop a balanced State budget as required by law. Every piece of legislation receives a fiscal note indicating the fiscal impact, showing how the proposed bill will affect revenue or expenditures of the State and local governments. Fiscal notes help lawmakers to understand impacts of bills being considered. The preparation of a fiscal note may also identify ramifications previously unknown to the sponsor of the legislation, (i.e. the need for new programs, staff, buildings, etc.)

All bills, even the State's appropriations bills receive fiscal notes. Fiscal notes are also done on substitute bills and most amendments.

The Fiscal Note Process

The procedural steps involved in preparing a fiscal note are as follows:

1. One or more legislators determine a need for legislation. A legislative interim study committee / task force may also propose legislation as a result of interim study.
2. The Legislator(s) work with a Research Analyst and a Legislative Staff Attorney in the Office of Legislative Research and General Council to draft a bill.
3. After the draft bill is approved by the sponsoring legislator, it is numbered by the Office of Legislative Research and General Counsel before being sent to the House and Senate. Once it is numbered it is electronically transmitted to the Office of the Legislative Fiscal Analyst and the Printing Office.
4. The Legislative Printing Office prints twenty copies which are then taken to the docket clerk of the House or Senate (depending on the bill). The bill is distributed by the House or Senate docket clerk according to Joint Rule 4.22, which includes the Office of the Legislative Fiscal Analyst for a fiscal note.
5. A lead analyst is assigned by the Legislative Fiscal Analyst to prepare the fiscal note. The bill is also distributed to other analysts having expertise in areas addressed by the bill.
6. The bill is sent, by the lead analyst, to state, local and/or private organizations having expertise relating to the bill's fiscal impact. A timely response from the agencies (within 48 hours) regarding the bills' possible fiscal impact is requested to insure the Office of the Legislative Fiscal Analyst's completion of the fiscal note within the 72 hours required by legislative rule.
7. With input from the outside organizations and other analysts, the lead analyst prepares the fiscal note.
8. The fiscal note is transmitted electronically, along with a hard copy of the bill, to a fiscal note supervisor for review and approval.
9. The fiscal note is typed, attached to the bill, and sent to the Legislative Fiscal Analyst for approval and signature.
10. The fiscal note is sent to the bill's sponsor for review. Legislative rules require the sponsor to respond with any comments on the note within 24 hours.
11. Upon approval by the bill's sponsor or following the 24-hour period, if no response comes from the sponsor, the bill and fiscal note are sent for printing. The fiscal note information is also added to the daily report for the legislature.
12. Substitute bills and most amendments are also sent to the Office of the Legislative Fiscal Analyst for a fiscal note. Steps five through eleven may be repeated for each substitute bill or bill amendment.
13. During the last week of the General Session, all time requirements are shortened to "ASAP" (As Soon As Possible).

Fiscal Note Training

Fiscal Note Analysis and Preparation

1. Read through the entire bill which requires a fiscal note before beginning the in-depth analysis.
2. Identify areas that are *changes* to current operations.
3. Evaluate the cost only to the change in operations. Costs should be considered on a fiscal year basis and potential increases in subsequent years should be identified. Items to consider are:
 - Personal Services - Employee salary, wages, benefits, bonuses and overtime
 - Travel - Both in-state and out-of-state travel related expenses
 - Current Expense - Supplies, contracts, leases, services, maintenance, etc. except those related to computers and data processing.
 - Capital Outlay - All capital expenditures except those related to computers and data processing.
 - Data Processing - Expenses related to computers and data processing except the purchase of computer equipment.
 - Data Processing Capital - Capital expenditures related to computers and data processing.
 - Other - Pass-through funds, some contracts and extraordinary expenses.
4. Try to anticipate expenses for future years. Are there escalating or decreasing expenses or items that are exceptionally susceptible to changes in inflation. Are changes in enrollment being considered?
5. If this is an area that affects the entire county or state, make sure a representative sample is used for evaluation and extrapolation purposes.
6. Assure that the sample size is adequate.
7. Get information from persons and organizations that may be affected both positively and negatively. (No matter what your position is regarding the proposed legislation.) Use a balanced approach to evaluate.
8. Are the sources of information biased for or against the legislation? Are there other resources that can provide opposing points of view?
9. Document your assumptions and sources of information so the note can be replicated.
10. Will the information in the impact statement hold up in court?

Fiscal Note Writing Hints

1. The fiscal note must be completed, approved and in the hands of the bill sponsor within seventy-two (72) hours.
2. Your fiscal note information request must be completed within forty-eight (48) hours. The response time is considerably shorter during the last ten (10) days of the Legislative Session and all of the Special Sessions.
3. Read the **ENTIRE** bill first. Identify the changes to the legislation within the context of the current statute. The law citation references the Utah Code. (Chapter, section and paragraph.) Make sure you consider sections of Utah Code that are repealed.
4. The fiscal note worksheet is to record fiscal impact, budgetary changes and / or requirements related to the changes in the legislation. Changes are noted by:
 - A.) Underlined text = new wording (“It is the intent...”)
 - B.) Brackets [-----] with lines through the text = deleted wording (“Has [~~not~~] been”)
 - C.) Headings of “Enacted”, “Amended” and “Repealed”.
5. Determine who has information that may assist you to complete the worksheet. Send them a copy of the bill with a deadline of when you need a response.
6. Complete the fiscal note worksheet. Fill out all appropriate spaces. Remember to detail expenditures and revenue sources.
7. State the assumptions from which you prepared your final totals. If the impact cannot be quantified, use descriptive narrative to explain the impact.
8. Forward the completed worksheet to your analyst in the Legislative Fiscal Analyst Office.
9. Be sure the fiscal note worksheet is neat and readable, especially if it is being faxed. Reduced print or faint printing do not fax well. If you use the fax machine, do not write close to the edge of the paper. The margins do not usually transmit over a fax machine.
10. Make sure the name and title of the person who completed the note are legible.
11. Maintain the integrity of your data and the credibility of your sources. Stretching the truth on one bill may reduce your credibility on **ALL** future fiscal inputs. Using valid data, within appropriate guidelines, will make it easier to withstand pressure to change your information from bill sponsors, constituencies and lobbyists.
12. Remember, your data and information is the material from which the Legislative Fiscal Analyst prepares the fiscal note. The Office of the Legislative Fiscal Analyst is the final author and ultimately responsible for the fiscal note.

Common Mistakes of Fiscal Note Preparation

1. Individual biases - the hardest to eliminate for both the consulted parties and the Analyst. Please be aware of your biases and state your assumptions. Have someone else read over your submission.
2. Not considering all the costs - oblivious to other offices or governmental entities. This happens most often if a bill has involves more than one program, division or agency or impacts only local government and has no "State" impact. These concerns are why we are doing Fiscal Note Training.
3. Writing the fiscal note to kill the bill - An unreasonably high fiscal note is the result.
4. Writing the fiscal note to pass the bill - An unreasonably low fiscal note, for this year - (Wait until next year!!!)
5. Writing the fiscal note as to how one wishes the bill were written rather than as it appears in print.
6. Not considering program start-up costs - This only considers the program's on-going operation and maintenance, not the initial one-time start-up costs.
7. Not considering on-going maintenance costs - These bills seem to indicate that once the program is started it can be self-supporting and ignore future years' expenses.
8. Delayed implementation - This results in a low fiscal note for the next year, but look out three years from now. Can also be related to number 6.
9. Not identifying required management changes to implement the bill - Many times this has hidden costs, sometimes to other organizations.
10. Not identifying sources of funding - Some bills may have a large fiscal note, with a source of revenue which may be self-generating, *but not usually*. Sometimes the collection of revenue generates costs in and of itself. Most often the decision of where the funding will come from and through which organization is left up to the Fiscal Analyst.
11. Not filling out the back of the fiscal note worksheet. This is meant to stimulate thought as to actual costs and other management impacts that may be created by the legislation. We need your input.
12. Validity of information sources - Make sure the material is from current, credible and appropriate sources and that date can be documented.
13. No fiscal note as a strategy - Sometimes legislation is written or the appropriation is deleted from a bill so the bill will pass this year and then the Department will request full funding next year.
14. Single or too small of a sample size - It is difficult to extrapolate a State wide cost estimate on any piece of legislation based on a small representative sample and/or limited input. Use the appropriate size sample in developing your cost estimates. Document and report what you have used no matter what it is.